

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Hurricane Katrina Re-
3 sponse Act”.

4 **TITLE I—LOUISIANA RECOVERY**
5 **CORPORATION**

6 **SEC. 101. SHORT TITLE.**

7 This title may be cited as the “Louisiana Recovery
8 Corporation Act”.

9 **SEC. 102. ESTABLISHMENT OF CORPORATION.**

10 (a) **IN GENERAL.**—There is hereby established the
11 Louisiana Recovery Corporation (hereafter in this title re-
12 ferred to as the “Corporation”).

13 (b) **STATUS OF CORPORATION.**—The Corporation
14 shall be an independent establishment in the executive
15 branch and shall be deemed to be an an agency of the
16 United States for purposes of subchapter II of chapter 5
17 and chapter 7 of title 5, United States Code.

18 (c) **PRINCIPAL OFFICE.**—The principal office of the
19 Corporation shall be located in the State of Louisiana, but
20 there may be established agencies or branch offices in the
21 District of Columbia and in any municipality or parish in
22 Louisiana to the extent provided for in the by-laws of the
23 Corporation.

24 (d) **CORPORATE DIVISIONS.**—



1 (1) IN GENERAL.—At a minimum, the Corpora-
2 tion shall establish and maintain separate divisions
3 for the following subjects:

4 (A) Environment and Land Use Manage-
5 ment.

6 (B) Economic Development.

7 (C) Property Acquisition.

8 (D) Property Management.

9 (E) Property Disposition.

10 (F) Urban Homesteading and Community
11 and Faith-Based Organizations.

12 (2) MANAGEMENT OF DIVISIONS.—Management
13 of each division shall be vested in an executive vice
14 president who shall be appointed by the Board of
15 Directors.

16 (e) PROPERTY OWNERS’ RIGHTS AND PROTEC-
17 TIONS.—

18 (1) NO AUTHORITY TO EXERCISE EMINENT DO-
19 MAIN.—The Corporation shall have no authority to
20 acquire interests in property by eminent domain.

21 (2) NO COERCION OF PROPERTY OWNERS.—
22 Any contract entered into between a property owner
23 and the Corporation shall not be enforceable if such
24 property owner was subject to undue coercion, di-
25 rectly or indirectly, on the part of the Corporation.



1 (3) PROPERTY OWNER'S RIGHT TO "OPT
2 OUT".—No provision of this title shall be construed
3 as denying any property owner the right to opt out
4 of any dealings with the Corporation, subject to the
5 terms of any contract or agreement previously en-
6 tered into.

7 (4) LOCAL INVITATION.—Notwithstanding any
8 other provision of this title, the Corporation may
9 take no action in any municipality or parish unless
10 the local government of such municipality or parish
11 has adopted a resolution of invitation for the Cor-
12 poration's assistance.

13 **SEC. 103. MANAGEMENT.**

14 (a) BOARD OF DIRECTORS.—

15 (1) IN GENERAL.—The management of the
16 Corporation shall be vested in a Board of Directors
17 consisting of 7 individuals appointed by the Presi-
18 dent as follows from among individuals who are citi-
19 zens of the United States and who, by virtue of their
20 education, training or experience in environmental
21 land reclamation, economic development, housing de-
22 velopment, land use, or urban planning, are espe-
23 cially qualified to serve on the Board of Directors.

24 (2) NOMINATIONS BY GOVERNOR OF LOU-
25 ISIANA.—3 of the members of the Board of Direc-



1 tors shall be appointed under paragraph (1) from
2 among individuals who are nominated for appoint-
3 ment by the Governor of Louisiana.

4 (3) POLITICAL AFFILIATION.—Not more than 4
5 of the members of the Board of Directors may be
6 members of the same political party.

7 (4) QUORUM.—4 members of the Board of Di-
8 rectors shall constitute a quorum but a lesser num-
9 ber may hold hearings.

10 (b) CHAIRPERSON AND VICE CHAIRPERSON.—

11 (1) CHAIRPERSON.—1 of the 4 members of the
12 Board of Directors who were not nominated by the
13 Governor of Louisiana shall be designated by the
14 President, by and with the advice and consent of the
15 Senate, to serve as Chairperson of the Board of Di-
16 rectors and the chief executive officer of the Cor-
17 poration.

18 (2) VICE CHAIRPERSON.—1 of the 3 members
19 of the Board of Directors who were nominated by
20 the Governor of Louisiana shall be designated by the
21 President to serve as Vice Chairperson of the Board
22 of Directors.

23 (3) ACTING CHAIRPERSON.—In the event of a
24 vacancy in the position of Chairperson of the Board
25 of Directors or during the absence or disability of



1 the Chairperson, the Vice Chairperson shall act as
2 Chairperson and the chief executive officer of the
3 Corporation.

4 (c) TERMS.—

5 (1) IN GENERAL.—Each member of the Board
6 of Directors shall be appointed to a term of 5 years.

7 (2) STAGGERED TERMS.—Of the members first
8 appointed to the Board of Directors after the date
9 of the enactment of this Act—

10 (A) 2 shall be appointed for a term of 5
11 years (1 of whom shall be the member des-
12 ignated as the Chairperson);

13 (B) the 3 members who were nominated by
14 the Governor of Louisiana shall be appointed
15 for a term of 3 years; and

16 (C) 2 shall be appointed for a term of 2
17 years.

18 (3) INTERIM APPOINTMENTS.—Any member ap-
19 pointed to fill a vacancy occurring before the expira-
20 tion of the term for which such member's prede-
21 cessor was appointed shall be appointed only for the
22 remainder of such term.

23 (4) CONTINUATION OF SERVICE.—The Chair-
24 person, Vice Chairperson, and each appointed mem-
25 ber may continue to serve after the expiration of the



1 term of office to which such member was appointed
2 until a successor has been appointed and qualified.

3 (5) REMOVAL FOR CAUSE.—The Chairperson,
4 Vice Chairperson, and any appointed member may
5 may be removed by the President for cause.

6 (6) FULL-TIME SERVICE.—The members of the
7 Board of Directors shall serve on a full-time basis.

8 (d) VACANCY.—Any vacancy on the Board of Direc-
9 tors shall be filled in the manner in which the original
10 appointment was made.

11 (e) INELIGIBILITY FOR OTHER OFFICES.—

12 (1) OTHER GOVERNMENT POSITIONS.—No per-
13 son may serve as a member of the Board of Direc-
14 tors while holding any position as an officer or em-
15 ployee of the Federal Government, any State govern-
16 ment, or any political subdivision of any State.

17 (2) RESTRICTION DURING SERVICE.—No mem-
18 ber of the Board of Directors may—

19 (A) be an officer or director of any insured
20 depository institution, insured credit union, de-
21 pository institution holding company, Federal
22 reserve bank, Federal home loan bank, invest-
23 ment bank, mortgage bank, real estate develop-
24 ment company, realtor, or any other entity



1 which enters into any contract with the Cor-
2 poration; or

3 (B) hold stock in any insured depository
4 institution, depository institution holding com-
5 pany, investment bank, mortgage bank, real es-
6 tate development company, realtor, or any other
7 entity which enters into any contract with the
8 Corporation.

9 (3) CERTIFICATION.—Upon taking office, each
10 member of the Board of Directors shall certify under
11 oath that such member has complied with this sub-
12 section and such certification shall be filed with the
13 secretary of the Board of Directors.

14 (f) CLARIFICATION OF NONLIABILITY.—

15 (1) IN GENERAL.—A director, member, officer,
16 or employee of the Corporation has no liability under
17 the Securities Act of 1933 with respect to any claim
18 arising out of or resulting from any act or omission
19 by such person within the scope of such person's em-
20 ployment in connection with any transaction involv-
21 ing the acquisition or disposition of assets (or any
22 interests in any assets or any obligations backed by
23 any assets) by the Corporation. This subsection shall
24 not be construed to limit personal liability for crimi-
25 nal acts or omissions, willful or malicious mis-



1 conduct, acts or omissions for private gain, or any
2 other acts or omissions outside the scope of such
3 person's employment.

4 (2) EFFECT ON OTHER LAW.— This subsection
5 shall not be construed as—

6 (A) affecting—

7 (i) any other immunities and protec-
8 tions that may be available to person to
9 whom paragraph (1) applies under applica-
10 ble law with respect to such transactions,
11 or

12 (ii) any other right or remedy against
13 the Corporation, against the United States
14 under applicable law, or against any per-
15 son other than a person described in para-
16 graph (1) participating in such trans-
17 actions; or

18 (B) limiting or altering in any way the im-
19 munities that are available under applicable law
20 for Federal officials and employees not de-
21 scribed in this subsection.

22 (g) LOCAL DEVELOPMENT PLANS; A COMMUNITY-
23 BASED COLLABORATIVE APPROACH.—

24 (1) ESTABLISHMENT OF LOCAL ADVISORY
25 COUNCIL.—



1 (A) IN GENERAL.—The Corporation shall
2 provide for the establishment of a local advisory
3 council in each parish of the State of Louisiana
4 in which the Corporation operates.

5 (B) MEMBERSHIP.—Each local advisory
6 council shall consist of such local elected offi-
7 cials (including municipal officials), community
8 groups (such as homeowners and community
9 associations), and other interested, qualified,
10 groups as the Corporation may determine to be
11 appropriate.

12 (C) CONSULTATION.—The Corporation
13 shall consult with each local advisory council
14 concerning all actions and projects of the Cor-
15 poration that affect any portion of the parish
16 for which such council is appointed. The Cor-
17 poration shall also ensure that its consultations
18 involve a broad range of local officials and com-
19 munity groups, including those that are not
20 part of the formal advisory council. The Cor-
21 poration shall hold public meetings, periodically
22 and in advance of major decisions, in the af-
23 fected parishes to receive input from the af-
24 fected communities.



1 (2) LOCAL DEVELOPMENT PLANS.—In exe-
2 cuting the redevelopment mandate under this title,
3 the Corporation—

4 (A) shall take into account and comply
5 with any redevelopment plan established by
6 State and local government officials; and

7 (B) may only solicit bids for such redevel-
8 opment that are based on and comply with a
9 plan developed by local governments, if such a
10 plan exists.

11 (h) APPEARANCES BEFORE THE CONGRESS.—The
12 Chairperson of the Board of Directors shall appear before
13 the Committee on Financial Services of the House of Rep-
14 resentatives annually regarding all aspects of the oper-
15 ation and financing of the Corporation, together with such
16 other members of the Board of Directors as the Com-
17 mittee may require.

18 **SEC. 104. CAPITALIZATION OF THE CORPORATION.**

19 (a) IN GENERAL.—The Corporation shall have cap-
20 ital stock subscribed to by the United States Government
21 in such amount as the President may determine to be ap-
22 propriate, not to exceed \$30,000,000,000 at any one time.

23 (b) CERTIFICATES.—Certificates evidencing shares of
24 nonvoting capital stock of the Corporation shall be issued
25 by the Corporation to the President of the United States,



1 or to such other person or persons as the President may
2 designate from time to time, to the extent of payments
3 made for the capital stock of the Corporation.

4 (c) PUBLIC DEBT TRANSACTION.—For the purpose
5 of purchasing shares of capital stock of the Corporation,
6 the Secretary of the Treasury may use as a public-debt
7 transaction the proceeds of any securities issued under
8 chapter 31 of title 31, United States Code.

9 (d) REPORTS.—

10 (1) IN GENERAL.—The Board of Directors shall
11 submit to the Director of the Office of Management
12 and Budget and to the Secretary of the Treasury
13 quarterly reports and an annual report on the ex-
14 penses of the Corporation during the period covered
15 by the report, the financial condition of the Corpora-
16 tion as of the end of such period, the results of the
17 Corporation's operations during such period, and the
18 progress made during such period in fulfilling the
19 mission and purposes of the Corporation, together
20 with a copy of the Corporation's financial operating
21 plans and forecasts for the annual or quarterly pe-
22 riod (as the case may be) succeeding the period cov-
23 ered by the report.

24 (2) PUBLIC AVAILABILITY.—Each report sub-
25 mitted to the Director of the Office of Management



1 and Budget and to the Secretary of the Treasury
2 under paragraph (1) shall be made available to the
3 public.

4 (e) TERMINATION OF AUTHORITY TO ISSUE
5 STOCK.—No shares of capital stock of the Corporation
6 may be issued after the end of the 10-year period begin-
7 ning on the date of the enactment of this Act.

8 (f) REVENUE USED TO RETIRE STOCK.—Any net
9 revenue of the Corporation in excess of amounts required
10 to meet on-going expenses and investments shall be paid
11 to the Secretary of the Treasury to redeem the capital
12 stock of the Corporation and shall be deposited in the gen-
13 eral fund of the Treasury.

14 (g) AUTHORIZATION OF APPROPRIATIONS.—Of any
15 amounts previously appropriated for “Disaster Relief”
16 under the Emergency Preparedness and Response account
17 of the Department of Homeland Security that remain
18 available, \$100,000,000 shall be available, subject to ap-
19 proval in advance in appropriation Acts, to the Corpora-
20 tion for fiscal year 2006 as start-up funding for the Cor-
21 poration.

22 **SEC. 105. MISSION, PURPOSE, AND DUTIES OF THE COR-**
23 **PORATION.**

24 (a) MISSION.—The primary mission and purpose of
25 the Corporation shall be the economic stabilization and re-



1 development of areas within Louisiana that were dev-
2 astated or significantly distressed by Hurricane Katrina
3 or Hurricane Rita.

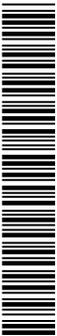
4 (b) ECONOMIC STABILIZATION.—In executing its eco-
5 nomic stabilization mandate, the Corporation shall, after
6 consultation with State and local officials and pursuant
7 to agreement that eligible properties are not likely to be
8 redeveloped without Corporation assistance, locate and ac-
9 quire real property (commercial and residential) in such
10 a manner and subject to such conditions that the rights
11 of property owners and occupants under this title have
12 been provided, and such that, upon the consummation of
13 any acquisition of real property securing a mortgage
14 loan—

15 (1) the mortgagee's debt shall be considered
16 paid in full by the mortgagor; and

17 (2) all title and interest in the real property se-
18 curing such mortgage loan passes to the Corpora-
19 tion.

20 (c) REDEVELOPMENT.—In executing its redevelop-
21 ment mandate, the Corporation shall, after consultation
22 with State and local officials, carry out the following ac-
23 tivities:

24 (1) Package for sale acquired real property in
25 substantial tracts of land.



1 (2) Make improvements to such tracts of land
2 so as to make the land suitable for sale and develop-
3 ment, including such basic improvements as the fol-
4 lowing:

5 (A) Construction and reconstruction of
6 neighborhood roads.

7 (B) Repair or replacement of water and
8 wastewater infrastructure.

9 (C) Similar activities necessary to maxi-
10 mize the return on acquired real property.

11 (3) Through a competitive bidding process, dis-
12 pose of such acquired properties in a profitable man-
13 ner.

14 (4) In consultation with State and local offi-
15 cials, provide for the protection and preservation of
16 historical and other sites of cultural significance in
17 such a manner that promotes local heritage and in-
18 terest.

19 (5) Utilize state of the art community design
20 techniques and planning that maximize community
21 involvement, minimize commute times, and give ap-
22 propriate consideration to green space and the nat-
23 ural environment.

24 (6) Seek to ensure equitable treatment among
25 communities and areas.



1 (d) OFFICE OF INTERNAL AUDIT.—

2 (1) ESTABLISHMENT.—The Board of Directors
3 shall establish an audit committee, to be known as
4 the Office of Internal Audit.

5 (2) REPORTS.—The Office of Internal Audit
6 shall report to the Board of Directors no less than
7 4 times a year on the Office's reviews of the activi-
8 ties, contracts, and financial statements of the Cor-
9 poration.

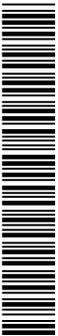
10 (3) EMPLOYEES.—The Office of Internal Audit
11 shall set the compensation and benefits for the em-
12 ployees of the Office.

13 (4) RELATIONSHIP TO INSPECTOR GENERAL.—
14 Notwithstanding any provision of the Inspector Gen-
15 eral Act of 1978, the Board of Directors shall pro-
16 vide for the Inspector General to report to the Office
17 of Internal Audit and to the Board of Directors.

18 (e) INSPECTOR GENERAL.—For purposes of the In-
19 spector General Act of 1978—

20 (1) the Board of Directors shall be treated as
21 the head of the establishment; and

22 (2) the Corporation shall be treated as the es-
23 tablishment.



1 **SEC. 106. PROPERTY ACQUISITION AUTHORITY AND METH-**
2 **ODOLOGY.**

3 (a) IN GENERAL.—Pursuant to section 105(b), the
4 Corporation shall negotiate to acquire title to real property
5 and compensate any property owner, mortgagee or pri-
6 mary lien holder with an interest in such real property.

7 (b) PURCHASE OFFER FOR REAL PROPERTY SE-
8 CURED BY A LIEN.—The Corporation shall take into con-
9 sideration the following in constructing offers of com-
10 pensation for the acquisition of real property secured by
11 a lien:

12 (1) The Corporation's expenses to improve the
13 property for sale and development.

14 (2) The Corporation's anticipated return upon
15 the property's disposition.

16 (3) The remaining principle balance of any out-
17 standing mortgage.

18 (4) In accordance with subsection (h), the eq-
19 uity position of the owner in the property imme-
20 diately before the area in which such property is lo-
21 cated was devastated or significantly distressed by
22 Hurricane Katrina or Hurricane Rita and the appro-
23 priate loss share factor for such property (as deter-
24 mined under subsection (g)(2)).



1 (5) Any potential net loss to the Corporation,
2 and indirectly to the taxpayers, upon final dispo-
3 sition of the property.

4 (c) PURCHASE FROM OWNER.—The Corporation
5 shall take into consideration the following in constructing
6 offers of compensation for any real property where no lien
7 secures such real property:

8 (1) The Corporation's expenses to improve the
9 property for sale and development.

10 (2) The Corporation's anticipated return upon
11 the property's disposition.

12 (3) In accordance with subsection (h), the eq-
13 uity position of the owner in the property imme-
14 diately before the area in which such property is lo-
15 cated was devastated or significantly distressed by
16 Hurricane Katrina or Hurricane Rita and the appro-
17 priate loss share factor for such property (as deter-
18 mined under subsection (g)(2)).

19 (4) Any potential net loss to the Corporation,
20 and indirectly to the taxpayers, upon final dispo-
21 sition of the property.

22 (d) RIGHT OF FIRST REFUSAL AND OPTION TO RE-
23 PURCHASE REAL PROPERTY.—

24 (1) IN GENERAL.—Subject to paragraph (2),
25 the Corporation shall ensure that any entity awarded



1 a contract under section 107 shall grant a right of
2 first refusal and option to obtain an interest in real
3 property of comparable size and location in redeveloped
4 areas to any party previously holding title.

5 (2) GUIDELINES FOR EXERCISE.—The Corporation shall—
6

7 (A) ensure that the right of first refusal
8 and option to obtain an interest in real property
9 that are granted pursuant to paragraph (1) are
10 granted before the real property is listed for
11 public sale; and

12 (B) shall establish guidelines to provide
13 that any party receiving the option to obtain an
14 interest in real property is given adequate time
15 to consider and exercise such option.

16 (e) RIGHT TO RETAIN AN INTEREST IN REAL PROP-
17 erty.—

18 (1) PROPERTY OWNER OR MORTGAGEE RIGHT
19 TO RETAIN INTEREST.—The Corporation shall offer
20 any property owner or mortgagee an option to retain
21 an interest in real property of comparable size and
22 location, subject to the following conditions:

23 (A) The Corporation shall pay no com-
24 pensation to the property owner or mortgagee.



1 (B) The property owner or mortgagee shall
 2 compensate the Corporation for expenses to im-
 3 prove the property for sale and development
 4 when such property owner or mortgagee obtains
 5 construction financing for development of the
 6 property.

7 (2) REQUIREMENT TO DEVELOP PROPERTY.—
 8 Any property owner or mortgagee exercising a right
 9 to retain interest in a property shall—

10 (A) obtain construction financing within
 11 90 days of notification by the Corporation that
 12 the area in which the property owner or mort-
 13 gagee retains an interest is available for devel-
 14 opment; and

15 (B) complete construction of a replacement
 16 residential or commercial structure, as applica-
 17 ble, within 2 years of a notification pursuant to
 18 subparagraph (A).

19 (3) CONTRACT TERMS AND ENFORCEMENT.—

20 (A) CONTRACT REQUIRED.—In any case in
 21 which a property owner or mortgagee exercises
 22 a right to retain interest in a property, the
 23 rights and responsibilities of the Corporation
 24 and the property owner or mortgagee shall be
 25 fully detailed in a contract.



1 (B) TERMS TO BE INCLUDED.—Among
 2 such other terms as may be agreed upon by the
 3 parties, any contract described in subparagraph
 4 (A) shall include the following provisions:

5 (i) A mechanism that allows the Cor-
 6 poration to take control of the property for
 7 a set price and to receive compensation for
 8 any expenses incurred by the Corporation
 9 if a breach of contract by the property
 10 owner or mortgagee occurs.

11 (ii) A requirement that—

12 (I) the property owner or mort-
 13 gagee reimburse the Corporation for
 14 such owner’s or mortgagee’s pro rata
 15 share of the costs associated with
 16 making the property suitable for de-
 17 velopment; and

18 (II) such reimbursement be made
 19 within 90 days of the property owner
 20 or mortgagee having been notified by
 21 a developer that the property is now
 22 available for redevelopment.

23 (iii) A requirement that the develop-
 24 ment of the property be completed by the
 25 property owner or mortgagee within at



1 least 2 years from the time such owner or
 2 mortgagee is notified by the developer that
 3 the property is now available for redevelop-
 4 ment.

5 (iv) A mitigation notice and review
 6 procedure that meets the requirement of
 7 subparagraph (C).

8 (C) MITIGATION NOTICE AND REVIEW PRO-
 9 CEDURE.—

10 (i) NOTICE.—If the Corporation cer-
 11 tifies in writing that a property owner or
 12 mortgagee has failed to comply with the
 13 requirements of paragraph (2), the Cor-
 14 poration shall provide an opportunity for
 15 such owner or mortgagee to inform the
 16 Corporation of mitigating circumstances to
 17 provide a justification for such failure.

18 (ii) REVIEW AND RELIEF.—The Cor-
 19 poration may modify the terms of the con-
 20 tract to provide relief for the property
 21 owner or mortgagee if the Corporation, in
 22 the sole discretion of the Corporation and
 23 after review of the mitigating cir-
 24 cumstances provided under clause (i) de-
 25 termines that such relief is warranted.



1 (4) OBLIGATION OF SUBSEQUENT OWNERS
2 UPON SALE BY OWNER.—If a property owner enters
3 into a contract with the Corporation under this sub-
4 section with respect to an interest of such owner in
5 property and subsequently alienates or disposes of
6 such interest, or any portion of such interest, in
7 property, any continuing obligation of the property
8 owner under the contract runs with the interest in
9 property to the successor owner or holder of such in-
10 terest or portion of an interest in the property.

11 (f) CALCULATION OF EXPENSES AND POTENTIAL
12 NET LOSS.—

13 (1) DETERMINATION OF EXPENSES.—In deter-
14 mining the Corporation's expenses for the purposes
15 or making purchase offers under subsection (b) or
16 (c) or seeking reimbursement from a property owner
17 under subsection (d), the Corporation shall not seek
18 to recover costs for which it has been reimbursed
19 from other sources.

20 (2) DETERMINATION OF POTENTIAL LOSS.—In
21 determining the potential net loss to the Corporation
22 under subsections (b)(5) and (c)(4), the Corporation
23 shall seek to provide equitable treatment of property
24 owners without regard to the specific property or



1 area or the level of interest in redevelopment that
2 property or area.

3 (g) ARBITRATION.—

4 (1) IN GENERAL.—If a property owner has any
5 dispute with regard to the amount and terms of an
6 offer for the property of such owner by the Corpora-
7 tion or the valuation of the property, an arbitration
8 process established in accordance with paragraph (2)
9 may be invoked by the property owner.

10 (2) ARBITRATION PROCESS.—The arbitration
11 process established under this subsection shall pro-
12 vide for—

13 (A) the selection of a neutral arbitrator se-
14 lected by both parties from among individual
15 appraisers who, by virtue of their education,
16 training, and experience, are specially qualified
17 with regard to arbitration and appraisals of
18 Louisiana real estate values prior to August 28,
19 2005;

20 (B) the use by the arbitrator of the same
21 criteria as the Corporation under this title; and

22 (C) the payment of the costs of the process
23 by the Corporation.

24 (3) CORPORATION.—For a period of 60 days
25 after the determination of the arbitrator, the Cor-



1 poration shall honor the terms of the determination
2 of the arbitrator.

3 (4) PROPERTY OWNER.—The property owner
4 may reject the offer of the Corporation and the de-
5 termination of the arbitrator, without penalty, at
6 any time before a binding contract is entered into.

7 (h) LIMITATIONS ON PAYMENT; PROHIBITION
8 AGAINST WINDFALL; LOSS SHARING.—

9 (1) IN GENERAL.—In constructing and extend-
10 ing offers to acquire real property, or any mortgage
11 on such property, under this section, the Corpora-
12 tion shall ensure that—

13 (A) in no case may the cumulative pay-
14 ment by the Corporation to any individual for
15 the purposes of acquiring real property exceed
16 \$500,000;

17 (B) in no case may any person be the ben-
18 eficiary of a windfall gain as a result of any
19 purchase offer extended by the Corporation;

20 (C) in no case may the cumulative pay-
21 ment by the Corporation to any individual be
22 less than 60 percent of the individual's equity
23 as established pursuant to subsection (i);

24 (D) in no case may the cumulative pay-
25 ment by the Corporation to any lien holder on



1 any individual lien exceed 60 percent of the
2 value of that lien; and

3 (E) in no case may the Corporation make
4 offers for the purchase of foreclosed property.

5 (2) LOSS SHARING.—In order to limit the losses
6 and expenses of the Corporation and any potential
7 cost to the taxpayers, any offer made by the Cor-
8 poration under this section to any property owner or
9 mortgagee with respect to any interest in property
10 or any mortgage shall include an appropriate reduc-
11 tion such that an equitable and negotiable portion of
12 any loss with respect to such property or mortgage
13 is shared by the owner and any mortgagee.

14 (i) FACTORS TO BE CONSIDERED IN DETERMINING
15 EQUITY POSITION OF THE OWNER.—In making any de-
16 termination concerning the equity position of an owner of
17 property immediately before the area in which such prop-
18 erty is located was devastated or significantly distressed
19 by Hurricane Katrina or Hurricane Rita for purposes of
20 subsections (b) and (c), the Corporation shall consider all
21 of the following:

22 (1) A pre-event appraisal in a verifiable loan
23 record held by a federally insured depository institu-
24 tion, federally insured credit union, or housing-re-
25 lated Government-sponsored enterprise.



1 (1) Capacity to oversee major development
2 projects through a community-based collaborative
3 process.

4 (2) Commitment of private capital.

5 (3) Effective deployment of Federal National
6 Mortgage Association, Federal Home Loan Mort-
7 gage Corporation, Federal home loan bank, and
8 other Federal or State resources (such as low-income
9 housing tax credits, new markets tax credits, the
10 HOPE VI program, enterprise zones, and the His-
11 torically Underutilized Business Zones or section
12 8(a) Programs of the Small Business Administra-
13 tion) to ensure construction of affordable housing.

14 (4) Use of private contractors and subcontractors.
15

16 (5) Use of local corporations and local employ-
17 ees.

18 (6) Use of small, disadvantaged business enter-
19 prise contractors or subcontractors.

20 (7) Scale of development and job creation.

21 (8) Increased homeownership.

22 (b) URBAN HOMESTEAD PROGRAM.—The Corpora-
23 tion shall assist in the implementation of an urban home-
24 stead program by providing the following:



1 (1) Land to the Federal Government for devel-
2 opment as urban homesteads.

3 (2) Down payment assistance and other seed
4 money to enable homestead construction.

5 (3) Coordination with not-for-profit and faith-
6 based organizations in the construction and develop-
7 ment of urban homesteads.

8 (c) OTHER DISPOSITION.—The Corporation shall en-
9 sure that acquired property not made available for an
10 urban homestead shall be disposed of in a manner that
11 maximizes the return on the sale of acquired property to
12 retire debt attributable to the Corporation.

13 (d) ACCOUNTING REQUIREMENTS.—

14 (1) ACCOUNTING FOR HOLDING AND MANAGING
15 ASSETS AND LIABILITIES.—The Corporation shall
16 keep a full and complete accounting of all costs and
17 expenses associated with the holding and manage-
18 ment of any asset or liability acquired by the Cor-
19 poration in carrying out the duties of the Corpora-
20 tion under this title.

21 (2) ACCOUNTING FOR DISPOSITION OF ASSETS
22 AND LIABILITIES.—The Corporation shall keep a full
23 and complete accounting of all expenses and receipts
24 associated with the disposition of any asset or liabil-



1 ity acquired by the Corporation in carrying out the
2 duties of the Corporation under this title.

3 (e) UTILIZATION OF PRIVATE SECTOR.—In carrying
4 out its responsibilities in the management and disposition
5 of assets under this title, the Corporation shall utilize the
6 services of private persons, including real estate and loan
7 portfolio asset management, property management, auc-
8 tion marketing, legal, and brokerage services, only if such
9 services are available in the private sector and the Cor-
10 poration determines utilization of such services is the most
11 practicable, efficient, and cost effective.

12 **SEC. 108. POWERS OF THE CORPORATION.**

13 (a) POWERS.—The Corporation shall be a body cor-
14 porate that shall have the power to—

15 (1) adopt, alter, and use a corporate seal;

16 (2) provide for such other officers and employ-
17 ees as may be necessary to perform the functions of
18 the Corporation, define their duties, and require sur-
19 ety bonds or make other provisions against losses oc-
20 casioned by acts of such persons;

21 (3) fix the compensation and number of, and
22 appoint, employees for any position established by
23 the Corporation, without regard to the provisions of
24 chapter 51 or subchapter III of chapter 53 of title
25 5;



1 (4) sue and be sued, and complain and defend,
2 by and through its own attorneys, in any court of
3 law or equity, State or Federal;

4 (5) with the consent of any executive agency,
5 department, or independent agency utilize the infor-
6 mation, services, staff, and facilities of such depart-
7 ment or agency, on a reimbursable (or other) basis,
8 in carrying out this section;

9 (6) prescribe, by the Board of Directors, bylaws
10 that are consistent with law to provide for—

11 (A) the management and operational struc-
12 ture of the Corporation, subject to sections
13 102(d) and 103;

14 (B) the manner in which general oper-
15 ations are to be conducted; and

16 (C) such other matters as the Board of Di-
17 rectors determines to be appropriate;

18 (7) enter into contracts and modify or consent
19 to the modification of any contract or agreement;

20 (8) use the United States mails in the same
21 manner and subject to the same conditions as other
22 departments or agencies of the United States; and

23 (9) exercise, by the Board of Directors, or duly
24 authorized officers or agents, any and all powers es-
25 tablished under this section and such incidental pow-



1 ers as are necessary to carry out the powers, duties,
2 and functions of the Corporation and the Board of
3 Directors under this title.

4 (b) TERMINATION OF CONTRACT FOR CAUSE.—In
5 the case of any service contract between the Corporation
6 and any other person, the Corporation may terminate such
7 contract for cause, whether by reason of breach of con-
8 tract, violation of regulations or guidelines of the Corpora-
9 tion, or otherwise, or bar any such person from entering
10 into any other contract, after notice and an opportunity
11 for an agency hearing on the record.

12 (c) HEARINGS AND SESSIONS.—

13 (1) IN GENERAL.—The Corporation may, for
14 the purposes of carrying out this title, hold hearings,
15 sit and act at times and places, take testimony, and
16 receive evidence as the Corporation determines to be
17 appropriate.

18 (2) SUMMONS.—In the course of or in connec-
19 tion with any proceeding under this title or in connec-
20 tion with any claim, the Corporation, or any des-
21 ignated representative of the Corporation, including
22 any person designated to conduct any hearing under
23 this section, shall have the power to administer
24 oaths and affirmations, to take or cause to be taken
25 depositions, and to issue, revoke, quash, or modify



1 subpenas and subpenas duces tecum; and the Cor-
2 poration is empowered to make rules and regulations
3 with respect to any such proceedings, claims, exami-
4 nations, or investigations.

5 (3) ADMINISTRATIVE ASPECTS OF SUMMONS.—

6 (A) PRODUCTION AT DESIGNATED SITE.—

7 A summons issued pursuant to this section may
8 require that books, papers, records, or other
9 data stored or maintained at any place be pro-
10 duced at any designated location in any State
11 or in any territory or other place subject to the
12 jurisdiction of the United States not more than
13 500 miles distant from any place where the per-
14 son resides or operates or conducts business in
15 the United States.

16 (B) FEES AND TRAVEL EXPENSES.—Per-
17 sons summoned under this section shall be paid
18 the same fees and mileage for travel in the
19 United States that are paid witnesses in the
20 courts of the United States.

21 (C) NO LIABILITY FOR EXPENSES.—The
22 United States shall not be liable for any ex-
23 pense, other than an expense described in sub-
24 paragraph (B), incurred in connection with the



1 production of books, papers, records, or other
2 data under this section.

3 (D) SERVICE OF SUMMONS.—Service of a
4 summons issued under this subsection may be
5 by registered mail or in such other manner cal-
6 culated to give actual notice as the Corporation
7 may prescribe by regulation.

8 (4) CONTUMACY OR REFUSAL.—

9 (A) IN GENERAL.—In case of contumacy
10 by a person issued a summons under this sub-
11 section or a refusal by such person to obey such
12 summons, the Corporation may invoke the aid
13 of any court of the United States within the ju-
14 risdiction of which—

15 (i) the investigation which gave rise to
16 the summons is being or has been carried
17 on;

18 (ii) the person summoned is an inhab-
19 itant; or

20 (iii) the person summoned carries on
21 business or may be found, to compel com-
22 pliance with the summons.

23 (B) COURT ORDER.—The court may issue
24 an order requiring the person summoned to ap-
25 pear before the Corporation or a delegate of the



1 Corporation to produce books, papers, records,
2 and other data, to give testimony as may be
3 necessary to explain how such material was
4 compiled and maintained, and to pay the costs
5 of the proceeding.

6 (C) FAILURE TO COMPLY WITH ORDER.—
7 Any failure to obey the order of the court may
8 be punished by the court as a contempt thereof.

9 (D) SERVICE OF PROCESS.—All process in
10 any case under this paragraph may be served in
11 any judicial district in which such person may
12 be found.

13 (d) AGENCY AUTHORITY.—

14 (1) STATUS.—The Corporation, in any capacity,
15 shall be an agency of the United States for purposes
16 of section 1345 of title 28 without regard to whether
17 the Corporation commenced the action.

18 (2) FEDERAL COURT JURISDICTION.—

19 (A) IN GENERAL.—All suits of a civil na-
20 ture at common law or in equity to which the
21 Corporation, in any capacity, is a party shall be
22 deemed to arise under the laws of the United
23 States.

24 (B) REMOVAL.—The Corporation may,
25 without bond or security, remove any action,



1 suit, or proceeding from a State court to the
2 appropriate United States district court before
3 the end of the 90-day period beginning on the
4 date the action, suit, or proceeding is filed
5 against the Corporation or the Corporation is
6 substituted as a party.

7 (C) APPEAL OF REMAND.—The Corpora-
8 tion may appeal any order of remand entered
9 by any United States district court.

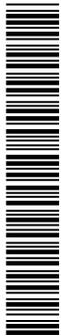
10 (3) SERVICE OF PROCESS.—The Board of Di-
11 rectors shall designate agents upon whom service of
12 process may be made in Louisiana and the District
13 of Columbia.

14 (4) BONDS OR FEES.—The Corporation shall
15 not be required to post any bond to pursue any ap-
16 peal and shall not be subject to payments of any fil-
17 ing fees in United States district courts or courts of
18 appeal.

19 **SEC. 109. TERMINATION OF CORPORATION.**

20 (a) IN GENERAL.—The Corporation shall terminate
21 at the end of the 10-year period beginning on the date
22 of the enactment of this Act.

23 (b) WINDING UP THE AFFAIRS OF THE CORPORA-
24 TION.—Any right, title, interest, or obligation of the Cor-
25 poration with respect to liabilities or assets of the Cor-



1 poration which have not been fully disposed of by the end
 2 of the 10-year period referred to in paragraph (1) shall
 3 transfer, as of the end of such period, to the Director of
 4 the Office of Management and Budget who shall promptly
 5 wind up the affairs of the Corporation and dispose of such
 6 assets and liabilities.

7 **TITLE II—HOUSING AND**
 8 **COMMUNITY REBUILDING**

9 **SEC. 201. PUBLIC HOUSING CAPITAL FUND RESERVES FOR**
 10 **EMERGENCIES AND NATURAL DISASTERS.**

11 (a) AVAILABILITY OF FUNDS SET-ASIDE IN PRE-
 12 VIOUS YEARS.—Notwithstanding any other provision of
 13 law, any amounts set aside in fiscal years 2003, 2004, and
 14 2005 for use under section 9(k) of the United States
 15 Housing Act of 1937 (42 U.S.C. 1437g(k)) and remaining
 16 unobligated on the date of the enactment of this Act shall
 17 be available for use under such section (not including
 18 paragraph (4) of such section) for emergencies and other
 19 disasters occurring in fiscal year 2005, and shall remain
 20 available until expended.

21 (b) AUTHORIZATION OF APPROPRIATIONS.—Of any
 22 amounts previously appropriated for “Disaster Relief”
 23 under the Emergency Preparedness and Response account
 24 of the Department of Homeland Security that remain
 25 available, \$100,000,000 shall be available, subject to ap-



1 proval in advance in appropriation Acts, to the Secretary
2 of Housing and Urban Development for use under section
3 9(k) of the United States Housing Act of 1937 (42 U.S.C.
4 1437g(k)), and shall remain available until expended. Any
5 amounts made available pursuant to this subsection funds
6 shall be used only for activities conducted in any area for
7 which the President declared a major disaster or emer-
8 gency under title IV of the Robert T. Stafford Disaster
9 Relief and Emergency Assistance Act in connection with
10 Hurricane Katrina.

11 **SEC. 202. HOPE VI PROGRAM.**

12 Of any amounts previously appropriated for “Dis-
13 aster Relief” under the Emergency Preparedness and Re-
14 sponse account of the Department of Homeland Security
15 that remain available, \$100,000,000 shall be available,
16 subject to approval in advance in appropriation Acts, to
17 the Secretary of Housing and Urban Development for
18 grants to public housing agencies for demolition, site revi-
19 talization, replacement housing, and tenant-based assist-
20 ance grants to projects, as authorized under section 24
21 of the United States Housing Act of 1937 (42 U.S.C.
22 1437v), and shall remain available until expended. Any
23 amounts made available pursuant to this section shall be
24 used only for such activities conducted in any area for
25 which the President declared a major disaster or emer-



1 gency under title IV of the Robert T. Stafford Disaster
2 Relief and Emergency Assistance Act in connection with
3 Hurricane Katrina.

4 **SEC. 203. HOME INVESTMENT PARTNERSHIPS PROGRAM.**

5 Of any amounts previously appropriated for “Dis-
6 aster Relief” under the Emergency Preparedness and Re-
7 sponse account of the Department of Homeland Security
8 that remain available, \$1,500,000,000 shall be available,
9 subject to approval in advance in appropriation Acts, to
10 the Secretary of Housing and Urban Development to carry
11 out the HOME Investment Partnership Program, as au-
12 thorized under title II of the Cranston-Gonzalez National
13 Affordable Housing Act (42 U.S.C. 12721 et seq.), and
14 shall remain available until expended. Any amounts made
15 available pursuant to this section shall be used only for
16 affordable housing activities conducted in any area for
17 which the President declared a major disaster or emer-
18 gency under title IV of the Robert T. Stafford Disaster
19 Relief and Emergency Assistance Act in connection with
20 Hurricane Katrina.

21 **SEC. 204. COMMUNITY DEVELOPMENT BLOCK GRANT AS-**
22 **SISTANCE.**

23 (a) AUTHORIZATION OF APPROPRIATIONS.—Of any
24 amounts previously appropriated for “Disaster Relief”
25 under the Emergency Preparedness and Response account



1 of the Department of Homeland Security that remain
2 available, \$13,000,000,000 shall be available, subject to
3 approval in advance in appropriation Acts, to the Sec-
4 retary of Housing and Urban Development for activities
5 authorized under title I of the Housing and Community
6 Development Act of 1974 (42 U.S.C. 5301 et seq.), and
7 shall remain available until expended.

8 (b) USE.—

9 (1) IN GENERAL.—Any amounts made available
10 pursuant to this section shall be used only for dis-
11 aster relief, long-term recovery, and mitigation in
12 communities in any area for which the President de-
13 clared a major disaster or emergency under title IV
14 of the Robert T. Stafford Disaster Relief and Emer-
15 gency Assistance Act in connection with Hurricane
16 Katrina, except those activities reimbursable by the
17 Federal Emergency Management Agency or avail-
18 able through the Small Business Administration.

19 (2) PROJECTS IN PROGRESS.—In the case of
20 any project or activity in an area described in para-
21 graph (1) that was underway before the Presidential
22 declaration with respect to such area, the project or
23 activity may not be provided any amounts made
24 available under this section unless the disaster or



1 emergency for which such declaration was made di-
2 rectly impacted the project.

3 (3) COORDINATION WITH LOUISIANA RECOVERY
4 CORPORATION.—The State of Louisiana shall, in
5 making amounts available pursuant to this section,
6 coordinate with the Louisiana Recovery Corporation,
7 and may provide for the Corporation to assume the
8 responsibilities of administering a portion of the
9 grants provided under this section.

10 (4) COORDINATION WITH REPAIR AND RE-
11 PLACEMENT OF PUBLIC HOUSING.—In making
12 amounts available under this section, each State
13 shall take into account the public infrastructure
14 needs of areas in which public housing units are lo-
15 cated which are being repaired or rebuilt.

16 (c) ALLOCATION.—Any amounts made available pur-
17 suant to this section shall be awarded by the Secretary
18 of Housing and Urban Development (in this section re-
19 ferred to as the “Secretary”) to States (including Indian
20 tribes for all purposes under this section) to be adminis-
21 tered by each State in conjunction with its community de-
22 velopment block grants program. Notwithstanding para-
23 graph (2) of section 106(d) of the Housing and Commu-
24 nity Development Act of 1974, States may provide assist-

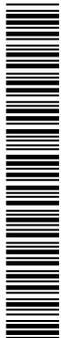


1 ance with amounts made available under this section to
2 entitlement communities.

3 (d) WAIVER.—

4 (1) AUTHORITY.—In administering any
5 amounts made available under this section, the Sec-
6 retary may waive, or specify alternative require-
7 ments for, any provision of any statute or regulation
8 that the Secretary administers in connection with
9 the obligation by the Secretary or the use by the re-
10 cipient of such amounts (except for requirements re-
11 lated to fair housing, nondiscrimination, labor stand-
12 ards, and the environment), upon a finding that
13 such waiver is required to facilitate the use of such
14 amounts, and would not be inconsistent with the
15 overall purpose of the statute. The Secretary may
16 waive the requirements that activities benefit per-
17 sons of low and moderate income, except that at
18 least 50 percent of the amounts made available
19 under this section shall benefit primarily persons of
20 low and moderate income unless the Secretary
21 makes a finding of compelling need.

22 (2) PUBLICATION.—The Secretary shall publish
23 in the Federal Register any waiver of any statute or
24 regulation authorized under this subsection no later
25 than 5 days before the effective date of such waiver.



1 **SEC. 205. EMERGENCY RENTAL ASSISTANCE VOUCHERS.**

2 (a) IN GENERAL.—Of any amounts previously appro-
3 priated for “Disaster Relief” under the Emergency Pre-
4 paredness and Response account of the Department of
5 Homeland Security that remain available, up to
6 \$2,500,000,000 shall be available, subject to approval in
7 advance in appropriation Acts, to the Secretary of Hous-
8 ing and Urban Development (in this section referred to
9 as the “Secretary”) to provide up to 300,000 incremental
10 vouchers for tenant-based rental housing assistance under
11 section 8(o) of the United States Housing Act of 1937
12 (42 U.S.C. 1437f(o)).

13 (b) FAMILY ELIGIBILITY.—Tenant-based assistance
14 pursuant to subsection (a) may be provided only on behalf
15 of an affected family that is otherwise eligible for assist-
16 ance under such section 8(o). However, the Secretary and
17 the Federal Emergency Management Agency shall permit
18 such recipients to accept additional assistance to cover the
19 costs of utilities and for other purposes from private or
20 not-for-profit groups, without affecting their eligibility.

21 (c) ADMINISTRATION.—Notwithstanding any other
22 provision of law, the Secretary shall provide that voucher
23 assistance provided under this section may be adminis-
24 tered by faith-based organizations and community devel-
25 opment corporations that have access to dwelling units in



1 connection with which such voucher assistance may be
2 used.

3 (d) AFFECTED FAMILY.—For purposes of this sec-
4 tion, the term “affected family” means an individual or
5 family that meets the following requirements:

6 (1) The individual or family resided, on August
7 25, 2005, in any area for which the President de-
8 clared a major disaster or emergency under title IV
9 of the Robert T. Stafford Disaster Relief and Emer-
10 gency Assistance Act in connection with Hurricane
11 Katrina of 2005.

12 (2) The residence of the individual or family be-
13 came uninhabitable or inaccessible as a result of
14 such major disaster or emergency.

15 **SEC. 206. FAIR HOUSING ENFORCEMENT.**

16 (a) AUTHORIZATION OF APPROPRIATIONS.—Of any
17 amounts previously appropriated for “Disaster Relief”
18 under the Emergency Preparedness and Response account
19 of the Department of Homeland Security that remain
20 available, such sums as may be appropriate shall be avail-
21 able, subject to approval in advance in appropriation Acts,
22 to the Secretary of Housing and Urban Development (in
23 this section referred to as the “Secretary”) for activities
24 under section 561 of the Housing and Community Devel-
25 opment Act of 1987 (42 U.S.C. 3616a).



1 (b) SCOPE OF USE.—Any amounts made available
2 pursuant to this section shall be used for activities under
3 such section 561 carried out in States affected by Hurri-
4 cane Katrina or States that the Secretary determines have
5 a substantial number of persons who relocated to such
6 State as a result of displacement caused by such hurri-
7 canes.

8 (c) ELIGIBLE ACTIVITIES.—Amounts made available
9 under this section may be used by the Secretary for costs
10 to the Department of Housing and Urban Development
11 of hiring and training individuals who are members of af-
12 fected families (as such term is defined in section 205(d))
13 or who are unemployed as a result of the elimination of
14 a previous employment position due to Hurricane Katrina,
15 to serve in regional offices of the Department located in
16 States described in subsection (b) and conduct activities
17 under such section 561.

18 **SEC. 207. HOUSING COUNSELING FOR FAMILIES IN TEM-**
19 **PORARY SHELTERS.**

20 (a) AUTHORIZATION OF APPROPRIATIONS.—Of any
21 amounts previously appropriated for “Disaster Relief”
22 under the Emergency Preparedness and Response account
23 of the Department of Homeland Security that remain
24 available, such sums as may be appropriate shall be avail-
25 able, subject to approval in advance in appropriation Acts,



1 to the Secretary of Housing and Urban Development for
2 activities under section 106 of the Housing and Urban De-
3 velopment Act of 1968 (12 U.S.C. 1701x).

4 (b) ELIGIBLE USE.—Any amounts made available
5 pursuant to this section shall be used for activities under
6 such section 106 to assist affected families (as such term
7 is defined in section 205(d)) living in temporary shelters
8 or other temporary housing situations to obtain a perma-
9 nent residence.

